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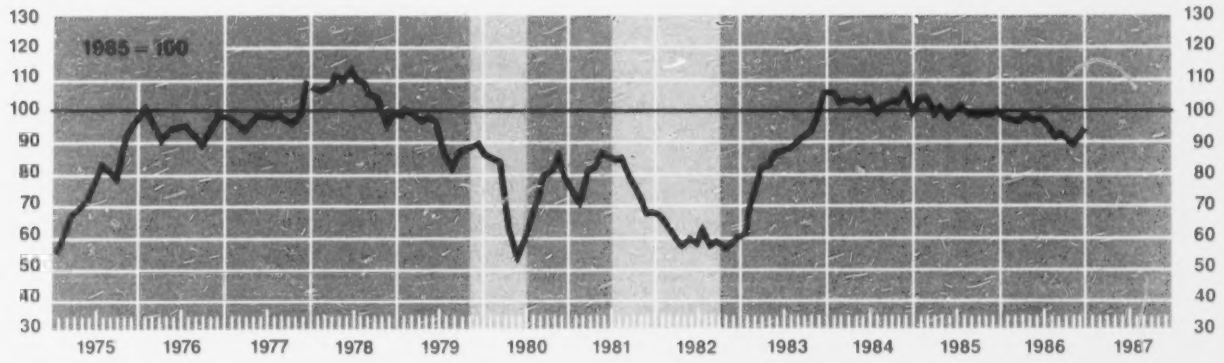
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index

January, 1987



CONSUMERS IN BETTER SPIRITS SPENDING PLANS STRONGER

The Board's Consumer Confidence Index (1985 = 100) registered 94.0 in December, a gain of almost four points for the month. Confidence had drifted down through most of 1986, reaching a three-year low in October, but in the past two months consumers have been somewhat more optimistic. Plans to buy were also up for all major items included in the survey.

People are more positive in their assessment of the present situation. As compared to the previous probe, more respondents now report that business conditions are "good," and fewer indicate that they are "bad." Since mid-Summer pessimists outnumbered optimists on this issue, but in December the latter were slightly more numerous.

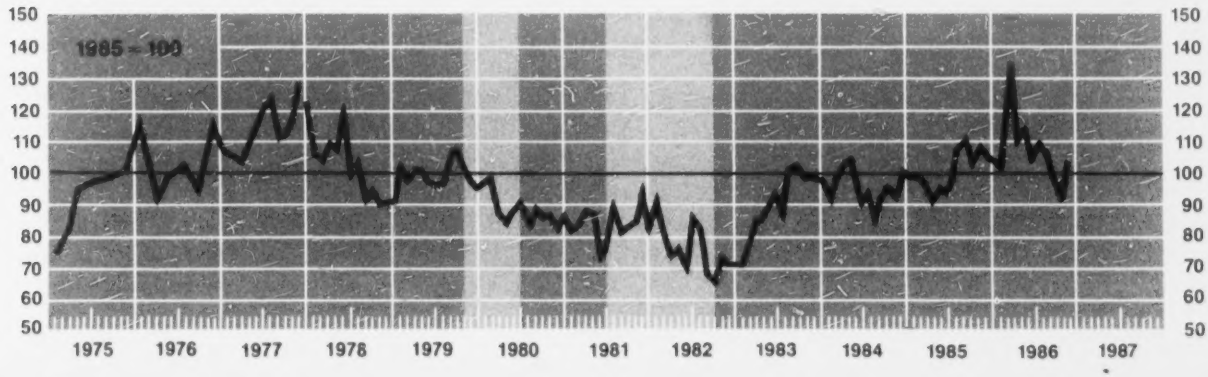
In looking ahead to the next six months, consumers are not quite as positive as last time. A smaller proportion expect business conditions to "improve," a larger number than earlier fear that they will "worsen." In assessing their own financial outlook, respondents were also somewhat less optimistic. Some 23% expect their income to increase over the next six months, a loss of about one point from the prior survey.

Plans to buy, which had been dropping since the Summer months, turned up in December. Intentions to purchase an automobile were strong in the Fall when the industry conducted heavy promotion programs. More recently, however, interest in cars has softened. In December plans to purchase an automobile rose to 8% of all replies from 7.4% a month earlier. Plans to buy a home were also up in the latest survey. There was also increased interest in purchasing a major appliance.

The most recent message from the consumer is encouraging. After drifting down through most of 1986, their level of confidence turned up in the final two months of the year. While the improvement is still too new to be completely convincing, it is certainly better news than in quite some time. Most encouraging is the consumers' better view of the present employment situation. There are now fewer complaints that jobs are "hard to get." This usually signals a decline in unemployment.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.

Percentage of all households =100%

All series seasonally adjusted	1985 Dec.	1986 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.(r)	Dec.(p)
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	99.8	97.8	96.9	96.9	99.0	97.2	97.2	95.5	90.6	92.8	89.2	90.3	94.0
Present Situation	101.3	100.4	97.8	95.0	100.7	100.2	97.6	96.0	87.6	90.2	87.8	85.8	97.8
Expectations	98.8	96.0	96.2	98.1	97.8	95.2	97.0	95.2	92.6	93.1	90.1	94.5	91.5
Buying Plans Index	108.8	105.6	103.3	101.9	105.9	109.5	114.4	103.7	101.7	105.8	99.4	90.9	103.5
Appraisal of Present Situation: Percent													
Business Conditions													
Good	28.7	27.3	26.4	26.5	29.5	28.4	28.4	25.7	22.7	25.1	24.9	23.1	25.3
Bad	21.0	21.8	21.8	22.9	23.1	22.6	23.4	23.8	25.7	27.1	26.7	27.6	24.4
Normal	50.3	50.9	51.8	50.6	47.4	49.0	48.2	50.5	51.6	47.8	48.4	49.3	50.3
Employment													
Jobs plentiful	19.7	19.6	18.8	19.6	20.4	20.6	19.8	20.7	19.1	20.7	19.3	19.1	22.1
Jobs not so plentiful	49.6	50.7	50.8	46.8	48.4	47.9	48.0	46.5	46.5	46.0	44.7	45.8	45.9
Jobs hard to get	30.7	29.7	30.4	33.6	31.2	31.5	32.2	32.8	34.4	33.3	36.0	35.1	32.0
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	19.7	18.1	18.4	20.6	22.8	20.0	20.9	19.9	19.9	20.2	19.0	18.8	18.3
Worse	8.5	8.7	8.4	9.1	11.3	10.0	9.4	10.4	10.5	10.0	11.9	9.3	10.5
Same	71.8	73.2	73.2	70.3	65.9	70.0	69.7	69.7	69.6	69.8	69.1	71.9	71.2
Employment													
More jobs	15.5	13.6	14.2	15.8	17.2	15.4	16.9	16.1	15.9	16.5	14.4	15.2	15.0
Fewer jobs	16.1	16.8	16.8	17.7	19.5	18.7	18.8	18.8	19.8	19.4	18.9	18.9	18.2
Same	68.4	69.6	69.0	66.5	63.3	65.9	64.3	65.1	64.3	64.1	66.7	65.9	66.8
Income													
Increase	26.7	28.2	26.6	25.8	30.7	27.3	26.9	26.8	25.8	24.3	23.8	24.0	23.1
Decrease	8.4	7.7	8.2	7.4	7.5	8.2	8.8	8.1	9.4	10.0	8.4	8.8	9.1
Same	64.9	64.1	65.2	66.8	61.8	64.5	64.3	65.1	64.8	65.7	67.6	67.2	67.8
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	10.2	9.0	8.8	8.9	11.4	9.6	9.6	8.9	8.7	8.8	7.6	7.4	8.0
New	5.4	5.1	4.4	4.7	5.9	5.8	5.3	4.9	5.1	5.2	4.3	3.8	4.8
Used	3.3	2.9	2.8	3.0	3.9	2.7	3.9	3.2	2.9	2.4	2.3	2.7	2.4
Uncertain	1.5	1.0	1.6	1.2	1.6	1.1	0.4	0.8	0.7	1.2	1.0	0.9	0.8
Home													
Yes	3.9	3.7	4.2	4.1	5.0	4.8	4.7	4.4	4.0	4.4	4.0	3.0	3.9
New	0.9	1.3	1.0	1.3	1.4	1.2	1.3	1.0	1.4	1.2	1.1	1.0	1.0
Lived in	2.1	2.0	2.0	2.1	2.2	2.1	2.1	2.3	1.9	2.3	1.7	1.6	2.0
Uncertain	0.9	0.4	1.2	0.7	1.4	1.5	1.3	1.1	0.7	0.9	1.2	0.4	0.9
Major appliances													
Total plans	29.8	34.5	30.2	27.8	43.4	28.6	28.2	27.6	33.1	28.0	28.6	29.0	30.7
Refrigerator	4.4	5.8	4.3	3.9	6.5	3.9	4.2	4.4	5.3	4.0	5.4	5.0	4.3
Washing machine	3.8	4.9	4.3	4.1	7.2	4.1	3.8	4.3	4.9	4.0	4.2	4.2	4.3
TV Set	9.2	9.8	9.2	8.3	13.5	7.6	7.1	7.3	7.7	7.1	6.4	6.9	8.0
Vacuum Cleaner	4.9	5.7	4.4	4.9	5.7	5.4	4.8	3.8	5.5	4.7	4.5	4.8	5.7
Range	3.0	3.0	2.5	2.0	3.8	2.8	2.9	2.7	3.3	3.1	3.0	3.5	3.1
Clothes dryer	3.1	3.8	3.4	3.5	5.0	3.4	3.4	3.5	3.6	3.5	3.1	3.4	3.6
Air conditioner	1.4	1.5	2.1	1.1	1.7	1.4	2.0	1.6	2.8	1.6	1.6	1.2	1.7
Carpet	6.6	7.3	6.9	7.0	9.1	6.6	8.0	6.5	7.5	7.0	7.6	6.8	7.8
Vacation Intended Within Six Months: Percent													
Vacation Intended	44.7		47.0		51.2		51.6		50.3		48.4		49.2
Destination													
Home state	8.0		9.2		10.9		11.7		11.1		9.2		9.9
Other state	32.2		31.9		35.5		36.1		35.4		34.4		33.9
Foreign country	5.9		7.4		7.1		5.4		6.0		6.3		6.6
Means of travel													
Automobile	26.1		28.2		31.4		33.8		31.4		28.8		30.2
Airplane	18.3		18.1		20.4		18.1		19.4		18.0		18.8
Other	4.5		5.0		4.6		3.9		3.8		4.0		3.6

(p)—preliminary (r)—revised

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